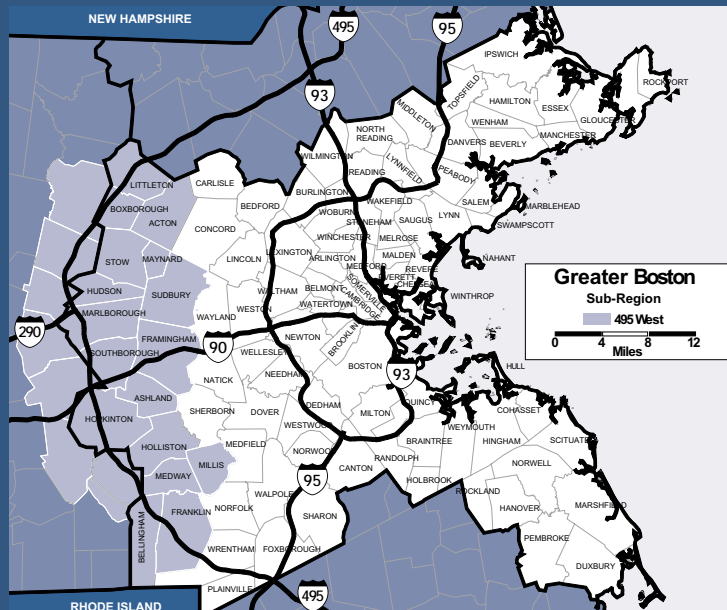
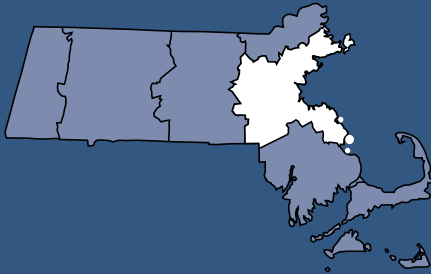


greater boston region



Today, Greater Boston is widely recognized as one of the most innovative economic regions in the world. It is home to some of the world's finest institutions of higher education, which has generated a tremendous concentration of science and technology related research and development. These intellectual resources, combined with its rich historical heritage and extensive cultural resources, make Greater Boston the center of much of the economic activity in the Commonwealth. For the purposes of this analysis, we define Greater Boston as the communities indicated in the map (see above). The Region includes all of Suffolk County, a large share of Middlesex and Norfolk counties, and portions of Plymouth and Essex Counties.

By size alone, the Greater Boston Region is the critical economic engine of Massachusetts. It is home to half the State's workforce and jobs. According to the Bureau of Economic Analysis, the personal income generated by the residents of Suffolk, Norfolk and Middlesex Counties alone accounts for more than 50 percent of the State total.

The knowledge-intensive export clusters that drive the larger economy of the State are concentrated in Greater Boston. These export clusters, as presented in Chapter 2, are:

- **Knowledge Creation.** This industry cluster is fueled by world-class institutions of higher education that bring income into the Region in the form of payments for tuition, room, board,

and ancillary items for out-of-state students; and by a diverse array of legal, scientific, engineering, and management service industries that generate substantial fees from out-of-state clients.

- **Information Technology.** The Region is widely recognized as a global leader in the broad computer and communications technology cluster, which includes many of the world's largest, most dynamic knowledge-based industries.

- **Financial Services.** Greater Boston is home to some of the largest and most influential financial firms in the world, especially in the rapidly expanding mutual fund and money management industries.

- **Health Care.** The presence of numerous world-class teaching hospitals and academic research centers not only attracts out-of-state patients and research funds, but has sparked the rapid development of the related medical device and biotechnology sectors.

While the Greater Boston economy is large, diverse, and clearly successful, significant challenges remain. Much of the Region's economic growth during the 1990s benefited high-wage, educated workers and was concentrated in its outer ring, between Routes 128 and 495. Many workers without a college education did not share in this prosperity. Nor did its older industrial cities within Route 128, such as Chelsea, Everett, Lynn, Revere, and Saugus. Overcoming

these educational and spatial barriers will be critical if the benefits of economic growth are to be distributed more broadly in the future.

The locus of economic development has moved to less densely-populated parts of the Region Commonwealth. Concurrently the price of housing has risen even faster than incomes. As a result, a housing “affordability gap” has widened throughout the decade, impeding the Region’s ability to grow. The workforce increased by a modest 3.6 percent over 1990–2001, much slower than the Region’s 12.2 percent rate of job growth, and almost all workforce gains came in 2001. While payroll employment and the workforce grew faster in Greater Boston than in the Commonwealth, population growth actually lagged, rising 4.9 versus 5.5 percent for the rest of the State. While the region supplies half of the jobs in the Commonwealth, it has less than half the population. Due to its uneven pattern of economic development, this population has also grown unevenly, with the population of some cities and towns flat or declining, while others have seen tremendous growth.

Sub-Regional Analysis

The I-495 West sub-region has emerged as an important location for the new knowledge-based clusters. For this reason, the following analysis highlights the I-495 West sub-region. As shown on the map, the sub-region follows I-495, from Littleton in the north to Franklin in the south. Note that several of the communities in the I-495 West sub-region lie outside the Greater Boston Region.

Economic Overview

Employment¹

The Greater Boston Region accounts for more than half of the jobs in the Commonwealth. Over the 1990–2001 period, the workforce increased by a modest 3.6 percent. Almost all of this growth came in 2001, as the Region needed much of the decade to recover job losses incurred during the early 1990s recession. This is the same rate of growth as the statewide workforce.

Over the past decade, the Greater Boston unemployment rate has always been below that of the State, reaching a low of 2.2 percent in 2000 before rising to 2.85 percent in 2001 (see figure 5-2). This low level of joblessness has not been uniform across the Region. The I-495 West sub-region has had an unemployment rate around 0.2 percentage points below the Region as a whole. Several communities continue to experience higher unemployment rates, such as Chelsea (3.9 percent), Hull (3.4 percent), Revere (3.4 percent), and Everett (3.0 percent).²

¹ The data in this section on the number of people employed, in the labor force, and unemployed are taken from the household survey. They therefore will not match the employer-based data used in other sections that report the number of payroll jobs.

² Steven Winter. *MAPC Comprehensive Economic Development Strategy 2002*, December 2001.

figure 5-1

Labor Force and Employment: Greater Boston Region

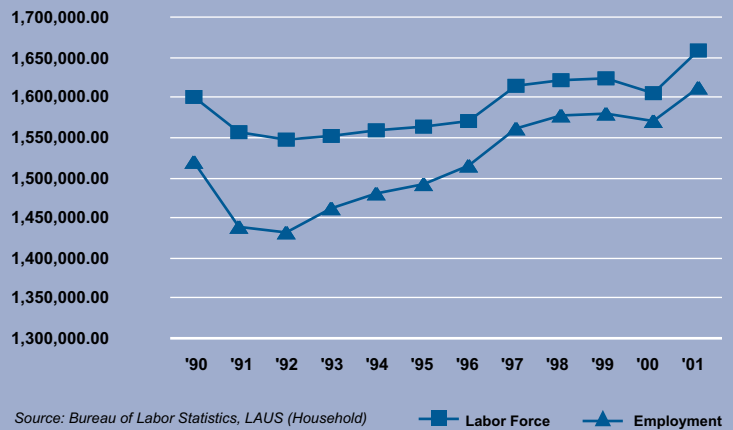


figure 5-2

Unemployment Rate: Greater Boston Region

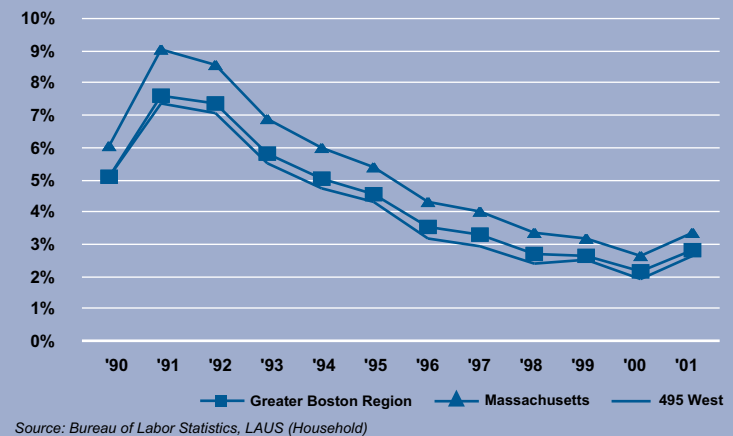


figure 5-3

Average Real Wages: Greater Boston Region

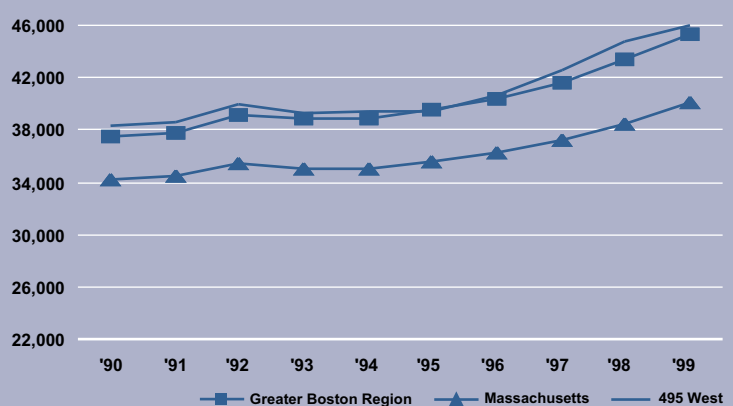


figure 5-4

Employment by Major Industry: Greater Boston Region

	1993	2000	Percent of 2000 Total
Agriculture, Forestry, Fishing, and Mining	5,782	8,995	0.5
Construction	43,477	72,842	4.2
Manufacturing	171,819	162,428	9.4
Transportation and Public Utilities	88,602	98,791	5.7
Wholesale Trade	79,893	91,036	5.3
Retail Trade	222,583	258,062	15.0
Finance, Insurance, and Real Estate	133,332	160,775	9.3
Services	606,171	792,516	46.0
Government	74,633	75,563	4.4
Total	1,426,292	1,721,008	100.0

Source: Division of Employment and Training, ES-202

Income

Income growth in the Region has not kept pace with the surge in housing prices, creating an estimated “affordability gap” of \$31,460 in 1999 (see figure 3-3). This gap has steadily widened. Jobs in the Greater Boston Region generally pay much better than jobs in the rest of the State (see figure 5-3). Average wages in Greater Boston were 9.5 percent higher than those in the State in 1990, and this gap had increased to 13 percent by 2001.³ In the I-495 West sub-region, wages were even higher, though the size of this gap with the Greater Boston Region declined during the past decade.

Employment by Major Industry Sector

In 2000, the largest industry sector in terms of employment⁴ in the Region was services, followed by wholesale and retail trade, manufacturing, and Finance, Insurance, and Real Estate (FIRE). The industry mix changed during the economic expansion between 1993 and 2000. Notable are the increases in services and FIRE, at the expense of manufacturing and some government employment. Overall, employment grew 20.7 percent during this period, with services growing 30.7 percent, trade (wholesale and retail) 15.4 percent, and construction 67.5 percent (see figures 5-4 and 5-5). In the I-495 West Region, services employment dominated growth, rising by over 30,000 jobs, or 62 percent.

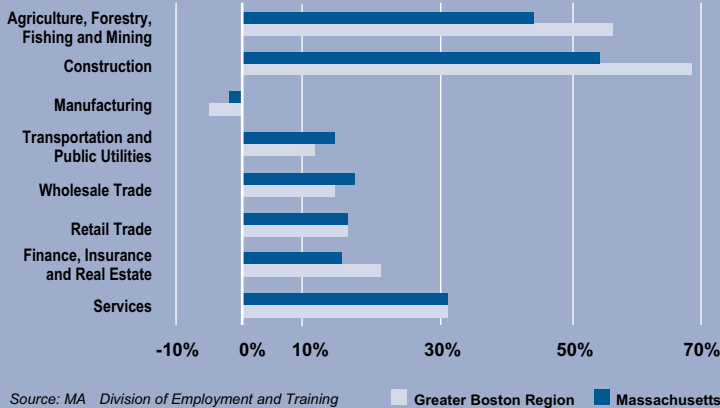
Comparisons with the State over the period 1993-2000 show the growth of employment in construction and agriculture far exceeding their statewide averages. Most of the large increase in construction can be attributed to the Central Artery Project, increasing demand for home building services and commercial space. The expansion of home yard service companies also boosted growth in the agricultural sector. The more rapid expansion of the FIRE sector is almost all due to growth in the mutual fund and brokerage industries. It is also worth noting the steeper decline in manufacturing employment in the Region as compared to the State and the much slower increase in government employment (see figure 5-5).

With the exception of the transportation and government sectors, real average pay growth matched or exceeded statewide growth in each of the Region’s industry sectors.

The downsizing of regional manufacturing also shows up in the layoff data. Between 1993 and 1998, 50 percent of jobs lost to plant closing or permanent layoffs in the Metropolitan Area Planning Commission Region (which is slightly larger than the Greater Boston Region) were from the manufacturing sector. In Greater Boston in 2001, 35.5 percent of layoffs were in manufacturing, over three times its share of total employment. This is in contrast to services (35 percent), where layoffs more closely approximated their relative proportion of employment in the Region (see figures 5-4 and 5-7).

figure 5-5

Change in Employment, by Major Industry, Greater Boston Region: 1993 to 2000

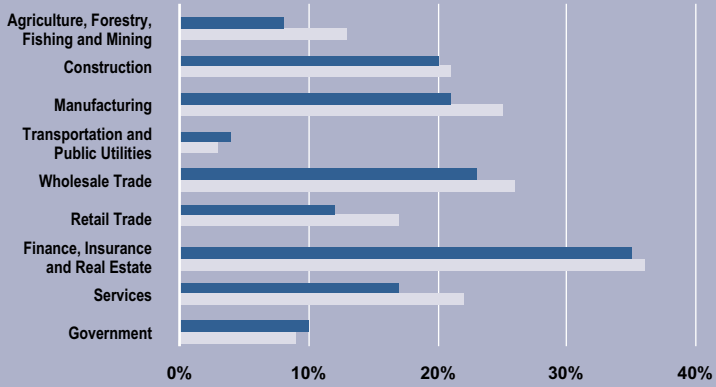


Source: MA Division of Employment and Training

Greater Boston Region Massachusetts

figure 5-6

Change in Real Average Pay, by Major Industry, Greater Boston Region: 1993 to 2000



Source: MA Division of Employment and Training

Greater Boston Region Massachusetts

The Greater Boston Region Export Sector

As explained in Chapter 2, a healthy export sector is critical to a Region's economic success. The sidebar in that Chapter on "The Massachusetts Export Sector" presented six large industry clusters as the key components of the Commonwealth's export sector. These clusters were identified in earlier State policy documents and studies, specifically *Choosing to Compete*⁵ and the more recent *Knowledge Sector Powerhouse*.⁶ They include four knowledge-based clusters – Information Technology, Health Care, Financial Services, and Knowledge Creation. They also include two clusters that are less knowledge intensive: Travel and Tourism and "Traditional Manufacturing" (manufacturing industries, such as paper, plastics and rubber, metalworking, and machinery that are not part of the Information Technology or Health Care clusters). The discussion below uses this framework to explore the Region's export sector (see figure 5-8).

Figures 5-8 and 5-9 show export cluster growth in the Region and sub-region, as compared to Massachusetts. When interpreting the results of our analysis, please note that the employment figures reported for these large industry clusters are not meant to represent export sector jobs. The Health Care cluster, for example, includes physicians serving the local population. A finer picture of the composition of the Region's export sector, and the extent to which the Region has become part of the wider knowledge-based economy, is developed in the discussions that follow. Also, note that some of the following charts show no data for some industries in the export clusters. This does not necessarily mean that the industry is absent. Federal rules prohibit access to data that could provide information about individual firms. The lack of industry data could be due to this limitation.

figure 5-7

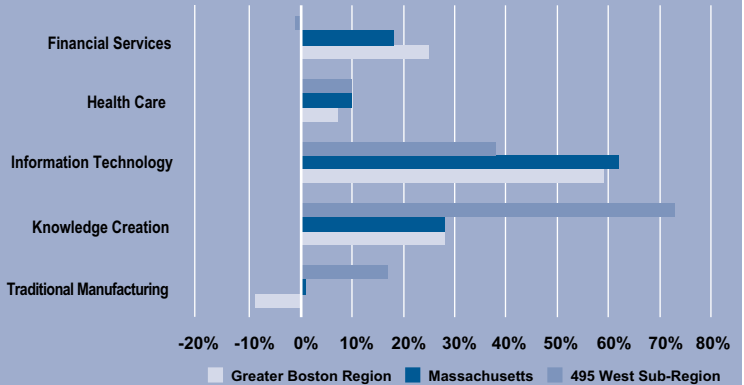
Layoffs, by Industry: July 2000 to June 2001 Greater Boston Region

Sector	Persons Laid Off	Percent of Total
Army	150	1.2%
Construction	6	0.0%
Education	50	0.4%
Government	124	1.0%
Health	346	2.7%
Manufacturing	4,594	35.5%
Retail	3,083	23.8%
Services	4,524	34.9%
Transportation	70	0.5%
Total	12,947	100.0%

Source: The Commonwealth Corporation Rapid Response Unit

figure 5-8

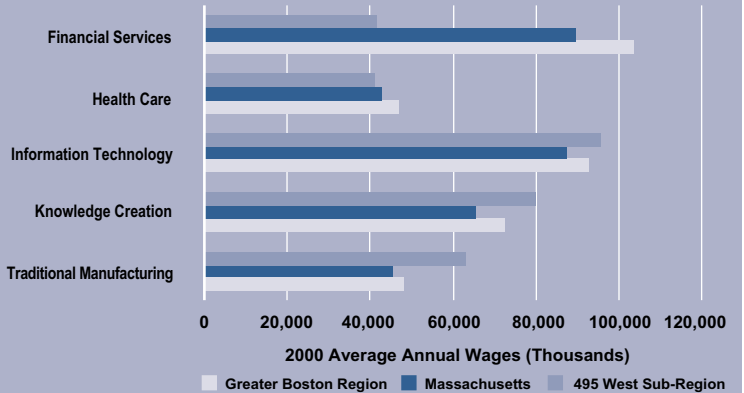
Employment Change in the Commonwealth's Export Clusters: Greater Boston Region, 1993 to 2000



Source: Forrant et al., "Knowledge Sector Powerhouse." University of Massachusetts Donahue Institute. 2001

figure 5-9

Change in Average Pay in the Commonwealth's Export Clusters: Greater Boston Region, 2000



Source: Forrant et al., "Knowledge Sector Powerhouse." University of Massachusetts Donahue Institute. 2001

³ The U.S. consumer price index (CPI) was used to adjust nominal wages for the effects of inflation.

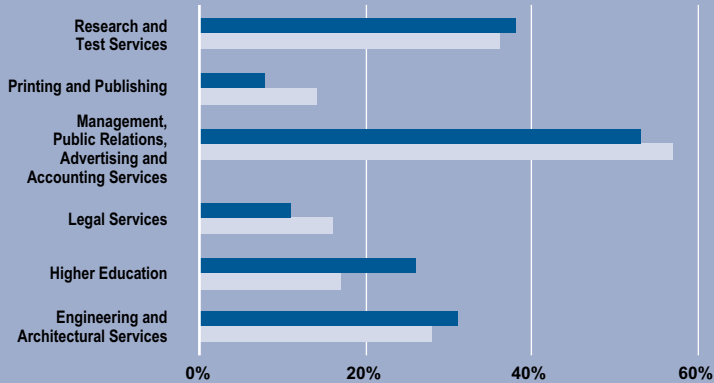
⁴ Employment is measured here using the Bureau of Labor Statistics, ES-202 series, which are employer reports of payroll jobs rather than household-based measures of employed or unemployed people. As a result, the numbers will differ from employment figures based on the household survey presented in other sections of the document.

⁵ Massachusetts Executive Office of Economic Affairs and the University of Massachusetts, (Boston:, 1993).

⁶ Robert Forrant, Philip Moss, and Chris Tilly. (Boston: UMass Donahue Institute, 2001).

figure 5-10

Knowledge Creation: Change in Employment, Greater Boston Region: 1993 to 2000



Source: MA Division of Employment and Training

Greater Boston Region Massachusetts

Knowledge Creation

Knowledge Creation experienced the most balanced growth of any of the export industry clusters. Research and testing, engineering and architectural services, and the management, public relations, advertising, and accounting industries all registered substantial employment gains. In Greater Boston, most of the Knowledge Creation clusters grew at close to their statewide averages and outpaced employment growth as a whole (a 28 percent gain as compared to 21 percent). The gains were led by the management, public relations, advertising and accounting services sector (see figure 5-10). The rapid increase in demand for these professional business services was likely driven by other rapidly growing export industries, which were fueled by record venture capital investments. Graduates of Greater Boston's many quality institutions of higher education helped these firms sustain this level of rapid employment growth.

Information Technology

Regional employment in the Information Technology export cluster grew far faster than overall employment in Greater Boston (60 percent versus 21 percent). The gains were greatest in computer software development and "other computer services," which grew 129 and 199 percent respectively. These two sectors created over 50,000 jobs between 1993 and 2000 jobs that paid an average of \$100,750 in 2000. This was more than twice the regional and State average wage (see figure 5-11).

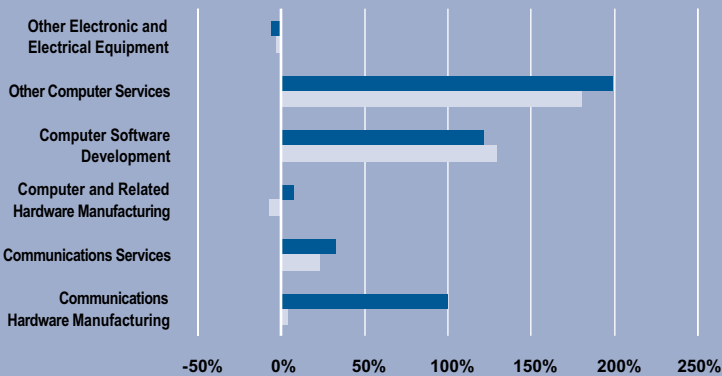
The Knowledge Creation and Information Technology export clusters account for nearly one quarter of the jobs in the Region, with almost 14 percent in Knowledge Creation and 9 percent in Information Technology. Even with these employment gains, growth in statewide employment was *at least* as high or higher. Employment growth in both groups, particularly Information Technology, was also very strong in the I-495 West sub-region. Knowledge Creation (7.9 percent of I-495 West employment in 2000) grew much faster than its State or regional counterparts, with employment rising over 75 percent, and the number of jobs in Information Technology (18.4 percent of I-495 West employment in 2000) rose almost 40 percent (see figure 5-8, on previous page). The growth of these clusters in the I-495 West sub-region was supported by the availability of land for development, immediate access to major roads, ready access to professional services firms, and to the cultural amenities their employees desired. By the end of the decade, however, a good deal of the land available for development had already been put to use.

Financial Services

Employment in the Financial Services export cluster (7.2 percent of Greater Boston's employment) grew 25 percent between 1993 and 2000, exceeding the statewide average for this cluster and slightly

figure 5-11

Information Technology: Change in Employment, Greater Boston Region: 1993 to 2000

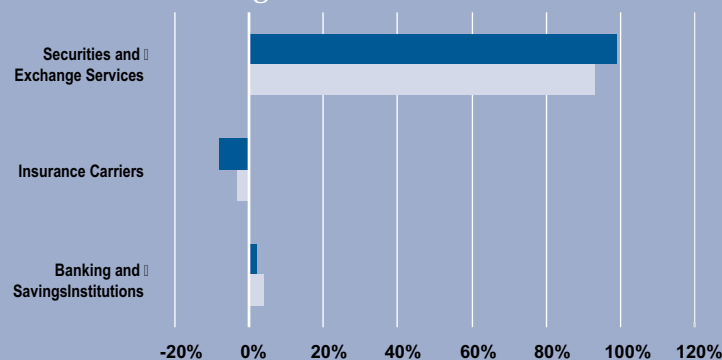


Source: MA Division of Employment and Training

Greater Boston Massachusetts

figure 5-12

Financial Services: Change in Employment, Greater Boston Region: 1993 to 2000



Source: MA Division of Employment and Training

Greater Boston Region Massachusetts

exceeding overall regional employment growth. The securities and exchange services sector grew dramatically, rising over 90 percent and creating nearly 25,000 new jobs (see figure 5-12). In 2000, the average wage in the industry exceeded \$160,000. This extraordinary growth was fueled by the rapid rise of the stock market during the 1990s.

Financial services employment in the I-495 West sub-region declined slightly overall, in sharp contrast to the Region and State (see figure 5-8, on page 56). While jobs in the regionally lucrative securities and exchange services sector increased dramatically, wages paid in the sub-region declined substantially between 1993 and 2000 – from \$62,376 to \$35,924. The most highly compensated jobs in this industry are concentrated in the City of Boston and its immediate suburbs. Relatively lower paying “back-office” jobs are located in the outer suburbs.

Health Care

Employment in the Health Care export cluster (10.6 percent of Greater Boston’s total employment) grew 7.0 percent during the expansion between 1993 and 2000, lagging the statewide average for the cluster and overall employment growth in the Region. While the drugs and pharmaceuticals sector grew 173 percent, it still represents less than 3 percent of total cluster employment in 2000. Employment in health services accounts for the lion’s share of employment – nearly 170,000 jobs – and this industry grew modestly, rising 5 percent (see figure 5-13). Not surprisingly, jobs in the drugs and pharmaceuticals sector pay handsomely, averaging over \$127,000 in 2000, while health services jobs, largely held by employees of hospitals, nursing homes, and other medical facilities, pay much lower wages, averaging only \$44,020 in 2000.

Traditional Manufacturing

Employment in the Traditional Manufacturing export cluster, now 3 percent of Greater Boston’s employment, declined 9 percent between 1993 and 2000. This job loss occurred as this cluster grew 1 percent statewide and stands in stark contrast to the 21 percent overall employment growth in the Greater Boston Region.

In percentage terms, employment growth in the plastics and rubber manufacturing industry far exceeded the statewide gains (34 percent compared to the 5 percent growth statewide). In absolute terms, employment growth was far more modest as the industry added less than 800 jobs between 1993 and 2000 (see figure 5-14). These gains were more than offset by employment declines in metalworking, paper, non-electric machinery, instruments, and apparel and textiles. This same pattern was also in evidence in the I-495 sub-region.

figure 5-13

Healthcare, Change in Employment, Greater Boston Region: 1993 to 2000

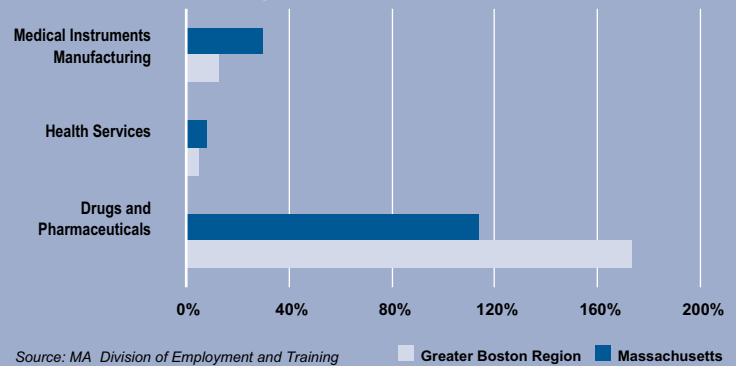
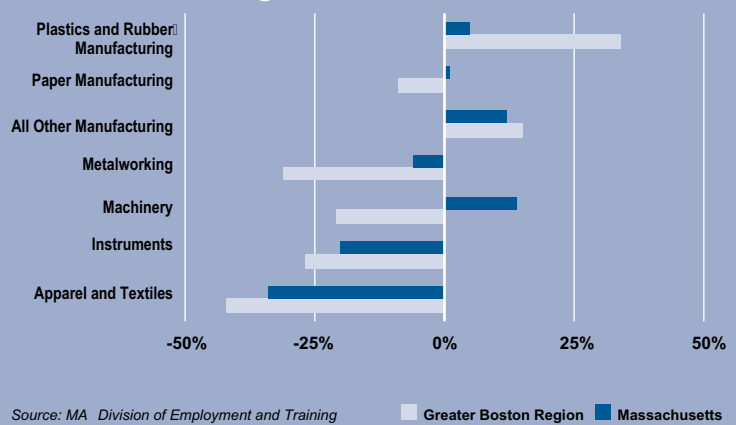


figure 5-14

Traditional Manufacturing: Change in Employment, Greater Boston Region: 1993 to 2000



Travel & Tourism

The growing impact of the Travel and Tourism cluster in Greater Boston can be seen in the experience of its hotel industry. In the year ending June 2000, hotels and motels in Suffolk, Middlesex, and Norfolk Counties grossed an estimated \$1.3 billion in room sales, up 42 percent over the year ending June 1997.⁷ These expenditures define a conservative estimate of traveler spending. This is because total spending typically includes meals, retail purchases, and attractions, in addition to spending on accommodations.

Room sales in Greater Boston exceeded the statewide gains of 37 percent, and propelled an expansion of the industry. Between 1997 and 2000, the number of hotels in Suffolk, Middlesex, and Norfolk counties increased 15 percent, to 221, and employment grew 11 percent, to 19,617 workers. The industry pays low wages and has a large number of part-time jobs, yet average real wages increased 6 percent in this period, to \$27,962.

⁷ Estimate based on FY 2000 State room occupancy tax collections, which are levied at 5.7% of the room rate.

figure 5-15

Demographic Summary Greater Boston Region

	Greater Boston Region			MA		
	1990	2000	Change	1990	2000	Change
Total Population	2,874,539	3,015,981	4.9%	6,016,425	6,349,097	5.5%
Age (share of total)						
Under 18	20.3%	22.1%	1.8%	22.5%	23.6%	1.1%
19-24	12.4%	9.7%	-2.8%	11.8%	9.1%	-2.7%
25 to 44	34.9%	32.9%	-2.0%	33.6%	31.3%	-2.2%
45 to 64	19.1%	22.1%	3.1%	18.5%	22.4%	3.8%
65 and over	13.3%	13.3%	0.0%	13.6%	13.5%	-0.1%
Race/Ethnicity (share of total)						
White	87.3%	81.1%	-6.2%	89.8%	84.5%	-5.3%
Black	7.2%	7.6%	0.4%	5.0%	5.4%	0.4%
Asian	3.3%	5.4%	2.1%	2.4%	3.8%	1.4%
Other race	2.3%	3.5%	1.2%	2.8%	4.0%	1.2%
Two or more races*	na	2.5%	na	na	2.3%	na
Hispanic (of any race)	4.5%	6.4%	1.9%	4.8%	6.8%	2.0%

* the category of persons with two or more races did not exist in the 1990 Census

Source: U.S. Bureau of the Census, Decennial Population Census

Demographics

Population

Greater Boston is by far the most populous of the State's regions, and its 3,015,981 residents account for almost half of the Commonwealth's population. It lagged the State in population growth over the past decade, rising 4.9 percent vs. 5.5 percent for the Commonwealth (see figure 5-15). Changes have also been quite uneven across the Region, with the population of some cities and towns remaining stagnant or declining, while others have seen tremendous growth.

Most areas close to Boston have experienced very little population change. One exception was Chelsea, which increased by 22 percent. Otherwise, the highest growth in the Region has been along the I-495 corridor, particularly in the north (Wilmington, 21 percent), the west (Borlough, 45 percent), and the southwest (Hopkinton, 45 percent; Southborough, 33 percent; and Franklin, 34 percent). Overall, the I-495 West sub-region experienced an 11.3 percent increase in population, growing at over twice the rate of Greater Boston.

Resident Age Distribution

Over the past decade, the median age in Greater Boston rose from 34 to 36.3, slightly below the State median of 36.6. This small increase masks a significant shift in the Region's age profile. The population of those aged 45 to 64 increased almost 22 percent to 666,805, while the 19 to 24 year-old age group fell by almost 19 percent, to 291,454 (see figure 5-15).

While both the State and Region experienced a mini "baby boom," this has not been enough to counter the aging of the population, which is likely to have significant effects on the economy.⁸ An aging population means an aging workforce. Employers will find that the drop in the number of young workers entering the workforce will require them to adjust their hiring practices to fit an older, more experienced, entry-level worker. Displaced workers (which have increased substantially with the current recession) are going to be older, and many will be crossing industry sectors, thus requiring considerable retraining.

Two cities in Greater Boston – Boston and Chelsea – have become "minority majority" communities, as non-Hispanic Whites account for less than 50 percent of their populations.⁹ In twelve towns close to Boston, over 20 percent of the population is classified as "minority."¹⁰ The Region is home to 194,051 Hispanic residents -- almost half the State's Latino community.

Housing

Greater Boston's housing stock reflects its largely urban character, as well as its high population density. The percentage of

figure 5-16

Greater Boston Region: Housing Supply

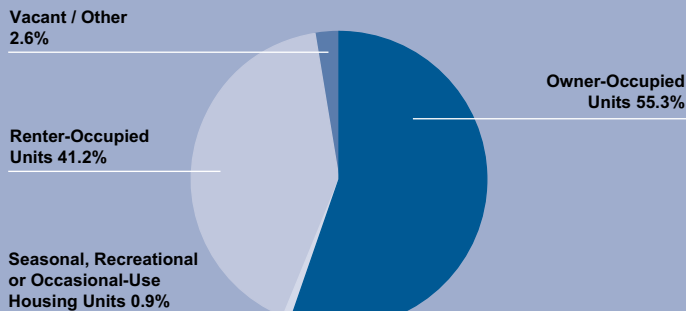


figure 5-17

Greater Boston Region: Home Ownership

	1990	2000	Difference
Greater Boston Region	55.0%	55.3%	0.3%
495 West Sub-region	68.2%	70.9%	2.7%
Massachusetts	59.5%	57.5%	-2.0%

Source: U.S. Bureau of the Census, Decennial Population Census

owner-occupied housing is close to that across the Commonwealth. However, the percentage of renter-occupied units is the highest of the seven Massachusetts Regions. Most of the rental housing is concentrated within the I-93/Route 128 belt. As evidence of this, owner-occupied housing accounts for 71 percent of all units in the I-495 West sub-region, considerably higher than the Region as a whole (see figures 5-16 and 5-17).

More important to the local economy than the mix of the housing stock is its cost. Average home prices in the Greater Boston Region are now over one-third higher than the average for the State. Further, home prices have increased at accelerating rates through the 1990s.

An important reason for Greater Boston's population expansion being concentrated in the I-495 belt is this sub-region's relatively low housing costs. Prices average about 10 percent below those of the Region as a whole, and they increased less quickly through the late 1990s.

Regional Strengths and Competitive Advantages

Greater Boston is an attractive place for businesses to locate and grow because it is uniquely blessed with the following strengths:

Educated workforce. In 1990, one-third of all residents aged 25 and older had completed four or more years of college, compared to one-in-five elsewhere in the Commonwealth. Whereas 83 percent in Greater Boston had graduated from high school, elsewhere in the State the figure was only 80 percent.

Colleges and Universities. The presence of world-class institutions of higher education has helped the development of the information technology and biotechnology industries, as well as anchoring the Knowledge Creation cluster. These institutions also provide support to the Region's teaching hospitals, which contribute to the area's unusually high concentration of medical facilities.

Transportation infrastructure. Public transportation is a major strength for parts of the Region, particularly the areas in and around Boston. The presence of the major highways of I-495 and I-93/I-95 has contributed immensely to the development of the entire Region. An international airport and major seaport are great assets. Though the seaport has been losing commercial business

to other major east coast ports, it has expanded its servicing of major cruise lines, which has helped the growth of the Travel and Tourism cluster.

Natural resources/environment. Parts of Greater Boston are blessed with ample drinking water from the Quabbin Reservoir. The upgrading of the MWRA sewage disposal system has contributed to a substantial improvement in the environmental quality of Massachusetts Bay. The Region has other initiatives that show a serious commitment to environmental quality, including watershed initiatives, community preservation programs, and brownfields programs.

Challenges to Future Growth

Congestion. Boston and its immediate vicinity remain hampered by the incomplete Central Artery Project. However, when completed, it should considerably improve road transportation in and out of the city. The interstate highways have played a major role in expanding commercial development. However, these highways have also led to congestion in the Region's more rural areas. The public transportation system is particularly weak in the I-495 area, putting additional pressure on narrow secondary roads.

Airport limitations. Logan Airport is reaching its limits in being able to handle the passenger and commercial traffic brought about by the Region's rapid growth during the 1990s. Although passenger traffic has declined with the recession and the tragedy of September 11th, this reduction is likely to be temporary. Future growth may be hampered without further expansion of satellite airports, such as Worcester and Hanscom, or the expansion of Logan itself.

High cost of living. The Region has always been at a competitive disadvantage because of its high cost of living, due particularly to high energy and housing costs. This has become much worse with the recent rise in housing prices. Issues of affordable housing remain significant in all communities. House purchases, for many middle class families, are becoming increasingly difficult. Firms in the area are finding that high home costs are complicating efforts to recruit new workers, while the high cost of living makes it difficult to retain graduates from its many colleges and universities.

Lack of regional cooperation. There is limited cooperation among neighboring communities in terms of planning for development and managing public services. Because the area is comprised of so many small communities, the failure to work together often leads to duplication of services or to developments in one community that negatively impact other communities.

⁸Peter B. Doeringer, Andrew Sum, and David Terkla, "Older Workers: An Essential Resource for Massachusetts," Commonwealth of Massachusetts Blue Ribbon Commission on Older Workers, April 2000.

⁹MAPC Comprehensive Economic Development Strategy (CEDS), December 2001.

¹⁰ Data describing change in race and ethnicity must be used with caution.

For more information, see the Part II Introduction.

Limited water supplies. Water availability is a serious concern for communities not served by the Quabbin Reservoir. Some commonly ration water during the summer and a lack of sufficient water hampers their economic development.

Inefficient land use. While there have been efforts to encourage development on brownfield sites in urban areas, many remain underutilized.

Labor shortages. The Region has been experiencing substantial labor shortages. Though these have eased with the recession, the long-term outlook is for shortages to worsen and hold back economic development. There are also substantial skill mismatches between the capabilities of workers who are being laid off by declining sectors and the needs of firms in expanding sectors. Contributing to this shortage of skilled workers are the continued challenges faced by our public school systems, particularly in urban areas.

Lack of access to suburban jobs. Greater Boston's urban areas became more racially and economically diverse in the 1990s. Yet, the same diversity has not reached many suburban areas. This is due, in part, to the high cost of housing in many suburban communities in the Region. Given the rapid employment growth in the I-495 sub-region, Greater Boston needs a strategy to help connect urban residents to suburban job opportunities.

Regional Policy Priorities

Workforce development

Expanding the skills and size of the workforce is a top priority for the Region. This reinforces the need for a comprehensive planning system for all publicly funded workforce development programs in the Commonwealth.

In April 2000, a Blue Ribbon Commission on Older Workers, established by then-Governor Cellucci, highlighted the importance of better integrating older workers into the workforce. This group of workers was shown to be the only sizable source of readily available labor in the near future and the pool of workers most likely to have the major skills needed by the New Economy. The Commission also recommended establishing an independent system for evaluating all workforce development programs in terms of long-term improvements in participant earnings and in reductions in skilled-labor shortages.

Basic skills and language training

The Region is increasingly dependent on foreign immigrants to meet its workforce needs. Many of these immigrants need English language and basic skills development programs, which are currently in short supply. As a result, there are long waiting lists for

access to many of these programs.

Affordable housing

There is a need to expand the stock of affordable housing in Greater Boston's communities. The Region needs an approach to housing issues that encourages the maintenance of good housing stock in urban areas and the efficient reuse of abandoned mill space and upper stories of street level businesses. It also needs to plan for housing in areas with rapidly expanding office parks. Innovative office park development, such as higher density, mixed commercial businesses and housing, should be encouraged.

Regional planning

This leads to a larger need for communities in the Greater Boston area to pursue more comprehensive regional planning. Executive Order 418, the Executive Office of Environmental Affairs (EOEA) program to provide all communities with build-out analyses,¹¹ has proven valuable. However, planning efforts are still not adequately regionalized. The I-495 Technology Corridor Initiative offers a useful model for other Greater Boston sub-regions. Consideration should be given to granting Greater Boston's regional planners powers similar to that of the Cape Cod Commission.

Transportation infrastructure

The Region needs transportation solutions that link the poorer towns bordering the city to centers of activity that can enhance their development prospects. It also needs improved public transportation for the I-495 sub-region to alleviate the congestion caused by the current expansion. If not addressed, that congestion will eventually discourage businesses from expanding and limit the attractiveness of the area for current and future residents.

Improved water supplies

The Region needs to undertake serious regional water resource planning, particularly to address the needs of communities not linked to the Quabbin Reservoir.

Linking the Region's Policy Priorities to Potential Solutions

Part III provides a variety of policy options that can help address the Region's economic development priorities: Figure 5-18 shows where to find relevant options.

¹¹ A build-out analysis identifies land in a community where zoning laws allow for development. Such analyses typically project demographic and fiscal impacts resulting from development of this land.

figure 5-18

Policy Options for Regional Priorities Greater Boston Region

Workforce development	See "Our firms have access to the talent they need to succeed," pg. 123. See "Worker skills match the needs of business and the competitive environment," pg. 124. See, "Firms in our export industry clusters continually innovate to meet high value customer needs most effectively," pg. 119.
Basic skills and language training	See "Worker skills match the needs of business and the competitive environment," pg. 124.
Affordable housing	See "Massachusetts implements housing affordability solutions to support growing businesses and employees," pg. 129.
Regional planning	See "Massachusetts is a leader in implementing development strategies that provide a high quality of life," pg. 128.
Transportation infrastructure	See "Massachusetts is a leader in implementing development strategies that provide a high quality of life," pg. 128.
Improved water supplies	See "Massachusetts is a leader in implementing development strategies that provide a high quality of life," pg.128.